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Assessment of Doctoral Dissertation by Mr. Juraj Stancik

The reviewed dissertation is composed of three studies that are very different from each other in terms of their topic, research area, scope and methodology. The first study tackles problems of exchange rate volatility in the new EU Member States in an attempt to determine the most influential real economy and financial sector variables affecting volatility of exchange rates. The second paper addresses the impact of foreign direct investment on sales and revenues of domestic companies in the Czech Republic. The third study (co-authored with Stepan Jurajda) attempts to affirm a widely claimed assertion that foreign ownership positively contributes to corporate performance and domestic acquisitions. The authors arrive to an interesting conclusion that this allegation is not always the case, after examining these factors for the Czech industry.

The background research and literature citations for all three studies are sufficient and up-to-date. However, some new studies and new statistical data series ought to be used for updating the exchange rate study. Some of its conclusions do not hold any more within the context of the volatility proliferation during the course of the present financial crisis, particularly since mid-October 2008.

In my opinion, the motivation for each of these papers and the underlying hypotheses and arguments are clearly presented by the author. In addition, the author convincingly explains what is the value-added of his papers to the body of knowledge in relation to the existing papers in the literature.

The studies employ relevant and fairly advanced methodology. However, with respect to the threshold GARCH testing in the exchange rate paper, I strongly recommend accounting for leptokurtosis in the data (see the specific recommendation below).

Summaries of results and policy conclusions are skillfully assembled and clearly presented. Thus overall, the organization and presentation of these research papers is satisfactory.

In addition to my general comments, I have some suggestions for a further refinement of these studies. I am presenting only suggestions pertaining to revisions of the exchange rate study for its possible future submission for publication, as this topic area is more consistent with my own research interests.

1. The threshold GARCH (or TAR) estimations should account for the likely prevalence of leptokurtosis. Therefore, I recommend re-testing these relationships by employing the TAR-GED specification, that is, by including generalized error distribution parameterization.

2. The classification of exchange rate regimes (Table 1.2) need to be updated and the discussion of their evolution should include more comments on feasibility of arriving at direct inflation targeting monetary policy regimes. Among others, Poland is currently pursuing a pure float and Hungary has abandoned crawling band already since 2001 and, more recently, it has eliminated the official specification of the central parity against the euro.
3. The title of Figure 1.2 should state more precisely what is shown on these graphs. I recommend presenting only standard deviations of residuals series from TARARCH tests for displaying volatility.
4. The exchange rate volatility tests should include the most recent financial crisis period during which the volatility jumps have been quite dramatic. There is also an interesting new literature on this subject that should be incorporated. Consistently, the finding about the receding role of ARCH effects (Fig.1.4) does not hold very well in light of recent developments.
5. Some basic statistics on the exchange rate data distribution (preferably of changes in logs of exchange rates) should be presented, with a special emphasis on skewness and kurtosis.
6. The author uses the somewhat unorthodox term of 'natural expectations'. I would recommend its refinement.
7. A crucial determinant for the degree of overall exchange rate volatility and for the relative role of ARCH (innovations) vs. GARCH (persistence) effects is played by the prevalent monetary policy regime, such as more or less flexible inflation targeting. A more elaborate discussion of these factors is needed.

The above suggestions shall not be viewed as detrimental to the overall good quality of research of this doctoral candidate. In summary, I recommend accepting the presented three studies by Mr. Stancik as a sufficient scholarly material for granting him a doctoral degree in economics. In terms of academic rigor, clarity of presentation, adequate methodology and fairly advanced research, this material fully meets the standard requirements of internationally-recognized doctoral dissertations in economics.

Respectfully submitted,

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